JPRS L/10170

9 December 1981

USSR Report

ECONOMIC AFFAIRS

(FOUO 18/81)

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

APPROVED FOR RELEASE: 2007/02/09: CIA-RDP82-00850R000400080024-3

JPRS L/10170

9 December 1981

USSR REPORT

ECONOMIC AFFAIRS

(FOUO 18/81)

CONTENTS

INVESTMENT, PRICES, BUDGET AND FINANCE

SOVIET-AMERICAN SYMPOSIUM ON PRICES

Moscow VOPROSY EKONOMIKI in Russian No 9, Sep 81 pp 154-158

/Article by A. Dynkin: "The State and the Formation of Prices in the USSR and the United States (The Sixth Soviet-American Symposium of Economists)"/

/Text/ The pricing mechanism is an important lever in the management of the economy and in the stimulation of the efficient use of all types of resources. This was confirmed at the Sixth Soviet-American Economic Symposium, which was held from 8 to 11 July 1981 in Alma-Ata in conformity with the agreement on cooperation between the USSR Academy of Sciences and the American Council of Learned Societies and was organized by the Association of Soviet Economic Scientific Organizations and the American Economic Association.

The macroeconomic problems of pricing were examined in the reports of Yu. Yakovets, G. Chubakov (USSR) and B. Bosworth (United States).

The growing role of prices in the system of the planned management of the economy of mature socialist society was shown in the speech of Doctor of Economic Sciences Yu. Yakovets (USSR Academy of the National Economy). The importance of the improvement of the system of prices in the accomplishment of the main task of the present stage of the development of planned management--the consistent orientation of all its links toward the end national economic results, the all-round intensification of production, the increase of its efficiency, the acceleration of scientific and technical progress and the economy of resources--was noted.

G. Chubakov (Scientific Research Institute of Prices of the USSR State Committee for Prices) emphasized the role of planned pricing as an important tool of the economic policy of the socialist state. The speaker analyzed a new direction in pricing--the elaboration and approval along with wholesale prices of the standards of the net output.

In the discussion which developed on the question of price stability in a planned economy Professor A. Bergson (Harvard University) noted that the aspiration for stability of the system of prices can lead to certain difficulties in the assurance of balanced development. To this Academician T. Khachaturov responded that the occurrence of some specific disproportions for various reasons, which are of both an objective and a subjective nature, is not at all ruled out. They may occur, for example, as a consequence of abrupt changes in production conditions. But the disproportions with respect to the physical composition of the output should be

eliminated first of all by the corresponding structural changes in production itself. In those instances when prices promote the elimination of such specific disproportions, by stimulating or limiting production and consumption, the necessary changes are brought about in the system of planned prices.

In the report of B. Bosworth (Brookings Institution), "The General Policy of Price Stabilization," it was reported that during the 1980's the U.S. economy has been faced with two most important problems: a high level of inflation and a decline of the growth rate of labor productivity. The problem of inflation, in the opinion of the speaker, is governed by two factors: first, the "wage-price" spiral and, second, the increase of prices for fuel, energy and food resources. Here the second factor is acquiring greater and greater importance, since the expenditures on energy resources alone amount to 10 percent in the overall structure of consumer spending. The increase of energy prices has led to a decline of the growth rate of the real income: during 1959-1969 it was 2.1 percent, while during 1969-1979 it was only 0.2 percent, and for the period of 1978-1979 its decline by 3.1 percent was observed. In addition to the increase of the cost of energy in the 1980's, the real income of the population will decrease in connection with the lengthening of the training period of manpower and the exhaustion of the resources of the additional involvement of women in the labor market. But the reduction of social payments (pensions, unemployment benefits, health care subsidies) within the economic policy of R. Reagan's Administration with the simultaneous increase of defense spending will have the greatest negative influence on the level of income of the population. Thus, as B. Bosworth believes, the further onslaught of inflation is fraught with social conflicts in American society. The decline of the growth rate of labor productivity will also act in this direction. During the 1970's the slowing of the growth rate of labor productivity did not affect family income that perceptibly, since this relationship was partially weakened by the increase of female employment, but in the 1980's these reserves will already be completely exhausted, and all this will strongly affect the level of income of the population.

The economic policy of the present Administration is attempting to solve the problem of inflation and labor productivity by stimulating saving. With this aim in view, taxes are being reduced sharply in the hope of increasing capital investments, which for the most part, as is anticipated, will go for new technology. Thus, the main attention is being devoted to attempts to increase the growth rate of labor productivity as a result of the change of fiscal policy. The solution of the problem of inflation rests on monetary levers, and first of all an attempt is being made to damp inflation by a high discount rate. But a potential conflict between monetary and fiscal policy is built into this. Under conditions when the overall decrease of taxes is covered by an increase of the discount rate, an automatic slowing of capital formation occurs. In the opinion of B. Bosworth, if R. Reagan's Administration is not able to convince business circles that it is possible to curb inflation on the way to economic growth, the economic program is doomed to failure. The speaker comes to the conclusion that some improvement of the economic conditions is possible in 1981-1982, but the reasons for this are beyond government control, yet are connected, in particular, with a favorable phase of the economic cycle and the relative stabilization of the prices on the world market of fuel and energy resources. In subsequent years a high rate of inflation and unemployment is again anticipated.

Academician L. Kantorovich, V. Cheplanov (USSR) and M. Adelman and P. (Joskow) (United States) spoke in the second group of speakers.

Academician L. Kantorovich in the report "Prices and the Economic Appraisal of Resources" substantiated the application of the methodology of optimum modeling on the basis of linear program models to the solution of the problem of the optimum use of a number of interchangeable and interrelated resources with allowance made for the diversity of the possibilities of their distribution.

In the report of Doctor of Economic Sciences V. Cheplanov (USSR State Committee for Prices) the setting of prices for fuel and raw material resources as a stimulus of their efficient use was examined and measures, which are connected with the revision being made of the wholesale prices for fuel and raw materials in the interests of the qualitative improvement of the system of prices and the improvement of the mechanism of their economic influence on production and consumption, were substantiated.

The report of Professor M. Adelman (Massachusetts Institute of Technology) concerned the setting of prices for energy resources in the United States. During 1973-1980 in the United States energy consumption decreased annually on the average by 1 percent, while the real prices during this period at least doubled. The present U.S. energy balance is formed in the following manner: petroleum--47 percent, gas--26 percent, coal--20 percent, water power--4 percent, uranium--3 percent. During the postwar period the practice of state regulation of the setting of prices for petroleum in the United States underwent a number of important changes, which in the report were characterized on the whole as ineffective. The system of control of the prices for petroleum resources in the United States decreased the supply of petroleum resources on the domestic market to less than the optimum level and increased the dependence on imported petroleum. In February 1981 the control of prices was abolished, after which they increased in conformity with world prices. As a result, according to preliminary estimates, consumers will pay the petroleum monopolies during the 1980's a "special rent" in the amount of $200 billion. As to the prospects of the production and consumption of petroleum in the United States, in the opinion of the author of the report, petroleum production will decline gradually until 1990 and sharply in the 1990's. The level of imports--5-7 million barrels a day--will continue until 1990, while petroleum consumption will decrease negligibly.

The goal of the reform of natural gas prices in 1978 was the increase of prices to their level on the free market. At present the growth rate of natural gas prices reflects the rate of inflation, and the complete repeal of price control will take place by 1985. Such a policy should, as is written in the report, stimulate the production of gas and the economy of its consumption. But this is encountering serious difficulties, since about 50 percent of the housing in the United States is heated with gas. At present the government policy of gradually lifting the control of natural gas prices does not have extensive support. M. Adelman believes that a definite shift in the direction of the supplanting of natural gas by coal will take place after 1985. The dynamics of the prices for environmental protection equipment in case of an increase of coal consumption will be of great importance in this process.

The market of uranium for civilian purposes began to be developed in 1966. For a long time the supply of uranium led the demand. In 1973 the price of 1 pound of uranium was $7. The situation changed sharply during 1974-1975. In 1976 the price for 1 pound of uranium, having reached $42, stabilized. The increase of the demand for enriched uranium on the part of Western Europe and Japan did not cause serious changes in prices due to the decrease of domestic demand following the accident at

the Three Mile Island nuclear power plant. In the opinion of M. Adelman, the prospects of the development of nuclear power plants in the United States to 1990 are unpromising, but in the more long-term future the return to atomic energy is inevitable.

Touching upon the general problems of the deregulation of prices for energy resources, M. Adelman writes that this means "a major redistribution of revenues in favor of the petroleum monopolies to the detriment of individual and commercial consumers. Decontrol is regarded as unjust treatment of consumers and illegal enrichment of the oil companies." However, as follows from the report, the real practice of R. Reagan's Administration is in flagrant contradiction with this assertion and is creating the most favorable conditions for "illegal enrichment of the monopolies."

Questions of the regulation of prices for electric power were examined in the report of Professor P. (Joskow) (Massachusetts Institute of Technology). The principle of the reflection in prices of the marginal production costs is the basic principle of the establishment of prices which regulatory commissions use in this sphere. However, such a practice is encountering serious difficulties. The most difficult problem is inflation. Usually the regulatory commissions set fixed prices for electric power for the following year with allowance made for the forecast of the dynamics of the prices in associated sectors. The consideration of inflation is accomplished by means of the use of correcting formulas in conformity with the anticipated dynamics of fuel prices. Often the results of such forecasting are unsatisfactory. Since the electric power generating firms cannot change the prices for their product without the consent of federal and state regulatory commissions, they are often unprofitable. Moreover, the power companies buy some raw materials and materials in unregulated sectors of the economy, which additionally results in a deviation of the electric power prices fixed for the given year from the real generating costs in the direction of the leading growth of the latter. As a result, according to the data of P. (Joskow), on the average for the United States in the past 10 years the prices of electric power have not covered the costs of its generation. The profitability of electric power generating firms in the United States has fallen below the average rate of return on capital, which, in turn, is complicating the issuing of stock by these companies and in practice is depriving them of access to the market of borrowed capital.

Thus, at present the financial opportunites for the updating of the fixed capital in the sphere of electric power generation are extremely limited. This is one of the causes which are preventing the dissemination of nuclear electric power stations in the United States, as well as the changeover to the burning of coal for the generation of electric power instead of the modern technology of generating electric power by the burning of petroleum and fuel oil, which predominates in the United States. The lack of opportunities for technological modernization in the sphere of electric power generation, in the opinion of the speaker, carries the threat of a shortage of electric power in some states in the late 1980's. The general conclusion, to which P. (Joskow) comes, is that government regulation of electric power prices in the United States is ineffective, does not promote the optimum use of resources and does not stimulate technical progress in this sphere; it is necessary, he believes, to step up the activity of market forces in the sphere of electric power generation.

Questions connected with the problems were examined in the third group of reports: L. Rozenova, I. Lukinov, T. Ashimbayev (USSR); D. Johnson, L. Weiss and (F. Warren-Boulton) (United States).

The role of prices in the stimulation of technical progress in the USSR was shown in the report of Candidate of Economic Sciences L. Rozenova (USSR State Committee for Prices). The prices for new products, on the one hand, compensate the producer for the expenditures on the development, assimilation and production of new technical equipment and, on the other, create for the user opportunities to decrease the production cost when using the new technical equipment.

Academician of the Ukrainian SSR Academy of Sciences I. Lukinov (Institute of Economics of the USSR Academy of Sciences) delivered the report "The General Principles of the Planned Regulation of Prices in the Agro-Industrial Complex of the USSR," which was devoted to the problem of ascertaining the specific nature of the formation of prices directly for the agricultural products produced in the central block of the agro-industrial complex--agriculture.

Corresponding Member of the Kazakh SSR Academy of Sciences T. Ashimbayev (Institute of Economics of the Kazakh SSR Academy of Sciences) in the report "Pricing and Cost Accounting at Socialist Enterprises and Associations" dwelled on questions of the functions performed by prices in the activity of enterprises. The speaker distinguished two functions of prices: a planning and accounting function and a stimulating function.

Pricing in the private sector of the American economy was examined in the report of Professor L. Weiss (University of Wisconsin). In his opinion, pricing in the group of highly monopolized sectors of industry is of the greatest interest. He characterized in detail the evolution of the principles of pricing in U.S. corporations during the postwar period, beginning with the methods of "target" pricing and "price leadership," which were disseminated in the 1950's and 1960's, and the transition to the modern methods of "elastic" pricing and pricing with allowance made for the "learning curve."

The principle of "elastic" or "flexible" pricing implies less dependence on agreements between the "leaders" on questions of prices and a smaller desire among the "followers" to go along with its price policy. The special role of computer hardware in the emergence of the new method, which makes it possible to quickly obtain more complete information on the results of the activity of companies, is usually emphasized when discussing questions of "flexible" pricing. The production costs, for example, can be calculated almost daily. Of course, this does not mean that the prices should change at the same time as they do. Nevertheless it is possible that frequent changes in price levels will be very profitable, especially for small companies. Data on physical production stocks, the level of utilization of production capacities and the sales volume are also obtained by computer. All this once again presumes constant fluctuations of the prices for the products of small companies, but L. Weiss believes that frequent changes in the level of prices for the products of the "leader" in the sector with a high degree of concentration of production and capital will be inefficient. "Flexible" pricing implies the rejection of the establishment of a "target" rate of return. The possibility of obtaining rapid and complete information about the activity of a company enables the administration to react quickly to the changing situation and to adhere to various methods of price policy when producing and marketing one product or another or an assortment of items. At the same time this method enables at least some large companies to centralize their price policy, having limited the rights of sellers in granting price discounts. At times the emergence of the method of "flexible" pricing is linked with the increasing influence of imports.

The "learning curve" method is another modern method of pricing, to which, for example, Japanese exporters adhere. This means that prices are reduced in time, reflecting the decrease of costs in the production of complex durable goods. Some American companies (for example, Texas Instruments, which produces electronic equipment) have adopted such a price strategy. Moreover, many Japanese producers increase or decrease the level of prices for their products more vigorously during the economic cycle than the largest American industrial companies. During the 1950's the achievement of stable prices was the main goal of large American companies. But at present, as L. Weiss believes, precisely their aspiration to stabilize prices during periods of the decline of business activity has led to considerable losses in face of the mass invasion of imported goods. Some movement in the direction of the development of cyclically more elastic prices has emerged recently.

Price policy in U.S. agriculture was examined in the report of Professor D. Johnson (University of Chicago). The prices of the majority of agricultural commodities in the United States are governed by the conditions of supply and demand on the market. In some instances government programs can have an influence on prices by effecting the supply of agricultural products. But as a whole to a greater extent than in other countries the prices for agricultural commodities in the United States are still governed by market forces.

However, the U.S. Government reserves the right to pursue a policy of price support and the regulation of production under some circumstances. During nearly the entire period since World War II legislation in the area of agriculture has provided the Department of Agriculture with tools to regulate the volume of agricultural production. The regulation of the production volume (in particular, its restriction) was always resorted to in those instances when too sharp an increase of the output of products with a given level of demand and, consequently, a decrease of the prices and the income of farmers were anticipated. The regulation of the production volume assumed various specific forms, but in nearly all instances it included the limitation of the area used for the production of certain crops.

In early 1980 the U.S. Government began the implementation of a liberally subsidized program of the production of alcohol for use as fuel. The program provides for an increase of the consumption of biomasses for the production of alcohol. The low costs of growing corn in the United States make it possible to use this crop for the production of alcohol.

Transfer prices in the case of deliveries of products between the decentralized enterprises of a single corporation were examined in the report of Professor (F. Warren-Boulton) (Washington University of St. Louis). The tasks of transfer pricing include: to be a source of information for the managers of the decentralized subdivisions of firms, which makes it possible to distribute resources more efficiently and to stimulate the activity of managers in the interests of increasing the profitability of the company as a unified whole; to be an indicator of the efficiency of the activity of subdivisions and to serve as a tool of the evaluation of the results of the activity of their managers; to stimulate efficient decisions of the board of directors of corporations in the reflection of the amounts of necessary capital investments with the elimination of inefficient units of the corporate structure; to decrease the amount of taxes or the effectiveness of antitrust legislation by the reallocation of the receipt of revenues or profits to the most favorable stages of the production cycle or to favorably situated subdivisions of the corporation. For multinational corporations the existing policy of setting

transfer prices makes it possible to reduce considerably the payment of taxes on the profit and the amount of duties, as well as to evade the import quotas on flows of goods in the case of large sums of money.

There are several methods of establishing transfer prices: market prices; reference prices for the marginal or actual (standard) costs; the method of decomposition with the use of linear programming. Taking into account the multipurpose nature of the tasks assigned to transfer prices in intrafirm settlements, corporations use, as a rule, not one, but simultaneously several methods of establishing the transfer prices. The speaker described in detail the merits and drawbacks of the methods being used and cited the results of surveys of 404 American companies: of them 341 use transfer prices in intrafirm settlements, and 23 percent use two systems of establishing the transfer prices and 28 percent use three or more methods.

N. Petrakov, V. Rybalkin and A. Deryabin (USSR) were in the last group of speakers. Doctor of Economic Sciences N. Petrakov (Central Institute of Economic Mathematics of the USSR Academy of Sciences) presented a report on a system of mathematical economics models of the balanced growth of the real income of the population, in which the results of the modeling of the mechanism of the coordinated planning of prices, income and the supply of goods were cited.

The foreign economic aspects of pricing in the socialist economy were analyzed in the report of V. Rybalkin. In specifying the place of the system of prices in the control of the process of socialist economic integration, he noted that, first, prices function as one of the tools of the planned management of integration processes; second, they are one of the objects of cooperation in the area of planning; third, the economy of national labor, which is achievable on the basis of the assurance of the complementarity of the structures of the national economies, is evaluated by means of them.

The role, features and economic nature and character of the formation of state and other retail prices in the USSR were examined in detail in the report of Doctor of Economic Sciences A. Deryabin (Institute of Economics of the USSR Academy of Sciences) on the state policy of retail prices for consumer goods.

There was a lively exchange of views on all the reports, which was conducive to the mutual clarification of the points of views of the sides both on the most important problems of the formation of prices in various sectors of the economy of both countries and on questions of general policy in the area of pricing.

At the final meeting of the symposium Professor L. Reynolds, head of the American delegation, noted that, in his opinion, the symposium held was the most successful of all held previously. He emphasized the high professional level and representative nature of the Soviet delegation, the high level of organization of the symposium and the great importance of such measures for the development of relations between the two countries and expressed gratitude to the Soviet party for the organization and holding of this symposium. In an interview granted to a correspondent of the Kazakh Department of TASS, L. Reynolds stated: "American consumers would be happy to have such stable, reasonable prices for foodstuffs and nonfood consumer items as in the USSR. Pricing in the USSR meets the interests of all the people" (KAZAKHSTANSKAYA PRAVDA, 12 June 1981, p 3).

Academician T. Khachaturov, chief of the Soviet delegation, noted the successful work of the symposium and its contribution to the strengthening of the scientific contacts between Soviet and American scholars.

In the final communique adopted by the symposium participants it was indicated that it has promoted the search for means to solve economic problems with the use of the mechanism of pricing in the area of the efficient use of energy and other natural resources, the production and marketing of various types of industrial and agricultural products and the stimulation of technical progress. In conformity with the signed communique the parties expressed agreement to hold the next, Seventh Soviet-American Symposium of Economists in the United States in 1982 and to dedicate it to the problems of the cost effectiveness of the use of energy and a number of other nonrenewable resources.

7807
CSO: 1820/42

RESOURCE UTILIZATION AND SUPPLY

ECONOMY NEEDED IN USE OF LABOR, MATERIAL RESOURCES

Moscow VOPROSY EKONOMIKI in Russian No 8, Aug 81 pp 3-14

/Editorial: "Saving Material Resources"/

/Text/ The 26th CPSU Congress has determined that the most important trend in the continuous advance of the national economy and the basis for a further increase in the welfare of the Soviet people is the acceleration of scientific and technical progress, the transition of the economy to an intensive path of development, more efficient use of the country's production potential, every possible economy in all types of resources, and improvement in work quality. "Intensification of the economy and improvement in its efficiency," L. I. Brezhnev stressed in the report at the party's 26th congress, "if this formula is put in the language of practical affairs, consists mainly of ensuring that the results of production increase more rapidly than expenditures on it, so that more can be achieved by involving relatively less resources in production." This requires maximum use of all the advantages of the socialist economy and our existing internal reserves in the field of accelerating scientific and technical progress, improving the use of capital investments and producer goods, every possible saving in material resources, improving the level of organization in production and labor and increasing its productivity, reducing the production cost of output while simultaneously increasing its quality, and improving the organization of administration of the national economy.

Savings in labor and work time is the most important component in an increase in production efficiency. In advancing increase in production efficiency as the key aspect of economic strategy, the party is guided by the basic concepts of Marxist-Leninist economic theory and is creatively adapting them to new historical conditions, the conditions of developed socialism. Examining the efficiency of production and its planned development in organic unity, the classics of Marxism-Leninism have demonstrated that the plan of the future society "will be determined in the final analysis by weighing and comparing the useful effects of different consumer goods with each other and with the amounts of labor necessary for their production."[1] The more fully the constantly increasing requirements of socialist society and its members are met, the more efficiently and economically past and living labor is utilized in the process and the greater the efficiency of production.

Having socialism in mind, K. Marx emphasized that both for the individual and for society as well, the comprehensiveness of its development, its consumption and its activity depends on savings in time.[2] The socialist economy is developed on the basis of the knowledge and conscious utilization of objective economic laws, including the law of time savings. "...Time savings, equally with planned distribution of work time among the different sectors of production," wrote K. Marx, "remains the first economic law at the foundation of collective production. This becomes a law even to a much higher degree."[3]

V. I. Lenin attached vast importance to rational, economical conduct of the economy.[4] He emphasized that "socialism is inconceivable...without state organization according to plan which subordinates tens of millions of people to the strictest observance of a unified norm in production and distribution of output."[5]

Socialist economic operation, unlike capitalism, is the most economical method of carrying out production. This is determined by the very nature of the economic system of socialism, which is based on public ownership of the means of production, the spontaneous public labor of the working people of socialist production for themselves and their society, the universality of labor, and the planned development of the national economy. All these advantages of socialism make implementation of a policy of economy an inherent feature of it and bring about the greatest opportunities for the fullest utilization of all production resources—labor, fixed capital, raw material and materials. And it is necessary to put these opportunities in practice purposefully and persistently.

* * *

In order to realize the broad program of economic and social development outlined by the congress for the 11th Five-Year Plan and the 1980's, vast material resources must be involved in production. And our further movement forward will depend more and more how skillfully and efficiently we can use these resources. An economical, proprietary attitude toward public property and raw material, fuel and power and other material resources acquires special national economic significance under modern conditions, and in this connection, the constantly increasing extraction and transport of them are becoming more and more expensive, but the stocks of minerals cannot be replaced. For example, in the last 5-year period, the expenditures to extract a ton of petroleum in our country were more than twice as high as at the beginning of the 1970's, and they will increase even more in the current five-year plan.

Certain progress has been made lately in saving resources. Thus, the materials consumption of the national product was reduced in the last five-year plan. The savings in raw material, materials, fuel, energy and other objects of labor amounted to 11.4 billion rubles. However, the change due in improving the use of material resources has not yet taken place, and a decisive turn toward strict observance of a policy of economy in all parts of the national economy is necessary. "The economy should be economical," L. I. Brezhnev stressed in the CPSU Central Committee Report to the 26th congress, "such is the requirement of the time." The congress pointed out that a technical policy, a policy of capital investment, and a system of plan and accounting indicators must be aimed at an economical relationship toward public wealth.

Consistently carrying out a policy of economy is a statewide undertaking. Guided by the congress decisions, the CPSU Central Committee and the USSR Council of Ministers approved the decree "On intensification of the work on savings and rational use of raw material, fuel and power, and other material resources," which contains a comprehensive program of specific measures aimed at improvement of production efficiency and intensification of the economy. This decree is complex and long-range in nature and is aimed at obtaining more with less resources. Putting reserves at the service of the public, the decree notes, is the most important economic and political task in the current stage.

The decree points out the necessity, when plans are drafted and implemented, of providing for reinforcement of the orientation of economic development toward an increase in production results which outstrip expenditures, that is, toward intensification of the economy and an increase in its efficiency.

One of the most important trends in the work for economy and rational use of material resources, and this is noted especially in the decree, is improvement in the pattern of the national economy and its sectors with the aim of every possible reduction in the energy and materials consumption of production, the maximum extraction of minerals from the earth, and the complete, thorough processing of raw materials. The proportion of material expenditures in industry now reaches 80 to 85 percent of all expenditures to turn out commodity production. Reducing them by just 1 percent would make it possible to save about 4.5 to 5 billion rubles annually. In fact, the efficiency of the reduction cited would be even greater if it is taken into account that, in the process, limited and irreplaceable natural resources are being conserved and pollution of the environment is being reduced, and so forth.

Savings in material resources is possible in all stages of the production process, beginning with the extraction of raw materials. It is enough to say that up to 30-40 percent of the coal, up to 50 percent of the gas, up to 70 percent of the petroleum, and up to 20 percent of the iron ore are left in deposits. It is necessary to increase the yield of mineral resources, using for this progressive processing methods such as those noted in the "Basic trends for the economic and social development of the USSR for 1981-1985 and the period up to 1990"—for example, new methods of acting on oil-bearing strata, the procedure of gas lift exploitation of wells, and the application of highly productive deep-well pumps. With the aim of increasing the extraction of mineral raw materials, the economic incentive of enterprises in the extractive industry also should be reinforced. We can, let us say, evaluate the deposits and credit their value to the balance of the enterprises. Then in coal mine collectives, for example, there will be incentives to raise coal to the surface from thin seams which now are disadvantageous to work.

Full utilization of raw material extracted yields a large gain. Many collectives have accumulated positive experience in this regard. Thus, at the Ust'-Kamenogorsk Lead and Zinc Combine, different forms of raw material are being processed and diversified output is being produced, including output that previously was imported to meet the demand. At the Balkhash Mining and Smelting Combine, the by-product output amounts to up to 30 percent of overall production. At the

Noril'sk Mining and Smelting Combine, processes have been set up for the deep extraction of nickel, copper and cobalt. Similar examples could be continued. At the same time, one cannot help but note that many useful components contained in raw materials being extracted are not being utilized; zinc, bismuth, antimony, tungsten, molybdenum, gold and silver are going to the dumping grounds. This situation must be corrected.

The Soviet Union is one of the few countries in the world that develops its economy on the basis of its own energy resources. At present, we produce nearly one-fifth of the world supply. But sources of these resources are not limitless, and their extraction, processing and transport are becoming more and more expensive. In particular, large additional expenditures are made necessary by transporting fuel from the eastern regions to the European part of the country. Every possible savings in fuel and power resources is one of the most important national economic problems. Improvement in the pattern of the balance of the fuel and power complex, to which the 26th party congress devoted attention, is important in saving these resources. The question concerns reduction of the proportion of oil as fuel and its substitution by gas and coal, the rapid development of atomic power, including fast breeder reactors, and continuation of the search for fundamentally new sources of energy, including establishment of the bases of thermonuclear power.

The decree calls one of the most important ways of more efficiently using and saving material resources the wide introduction of scientific and technical achievements aimed at increasing efficiency in the use of construction and other materials, fuel and power and raw material resources, and the creation of the implements of labor, systems of machines, and highly economical industrial processes with little or no waste which are necessary for this.

Two types of new technology can be distinguished. The first category includes many well known and proven models of equipment which, however, are still not being turned out in sufficient quantity. With regard to such equipment, we are confronted with the task of its mass introduction into production, which will make it possible to increase its technical level and to receive a large economic gain. Thus, for intensification of production in the oil and gas industry we must increase the manufacture of complete unitized automated installations for the industrial preparation of oil and gas and the processing of gas and gas condensate, and complete combined large-capacity installations for oil refining. More economical organization of production in ferrous metallurgy can be achieved through wide use of the oxygen-converter process in steel production in connection with its continuous teeming and an increase in the production of rolled metal from half-killed metal instead of killed metal. In machine building and metal working, great savings can be obtained as a result of substitution, where this is possible, of metal cutting by pressure, for which the output of rolled sheet metal must be increased. The deterioration of machine and equipment parts can be reduced by manufacturing them out of quality steels.

Another type of new technology is fundamentally new, such as robots, new types of compact and economical motors which do not need petroleum fuel, and the like. Acceleration of the development and introduction of such technology is the high road of technical progress.

Advanced new materials and industrial processes which contribute to savings of material resources should be mentioned especially. In the CPSU Central Committee Report to the 26th party congress, the intolerable sluggishness in assimilating long-range developments in the field of continuous steel teeming and powder metallurgy and high-strength artificial fibers was critically noted. In the 10th Five-Year Plan, the proportion of continuous steel teeming--a method developed in the USSR and patented in 28 capitalist countries--was increased from 7 to 11 percent of the total volume smelted, while in a number of other countries it makes up 40-45 percent. If the annual level of continuous steel teeming is carried out to its optimum extent of 30-40 million tons--in conformity with the scales and specifications of our economy--then the resources of prepared rolled metal in the country will increase by 2 to 3 million tons. Our output of metallic powders increased by 28 percent, which also is inadequate. Taking into account the progressiveness of powder metallurgy, it has been planned to triple the production of metallic powders in the 11th Five-Year Plan. Our production of polymer materials, synthetic resins and plastics, and synthetic fibers is still being inadequately developed. For this reason, a significant increase has been specified in the manufacture of these important materials, which in many cases effectively replace ferrous and nonferrous metals, as well as natural fibers, especially for the production of engineering fabrics /tekhnicheskiye tkani/.

A substantial reserve for savings in material resources is concealed in the sharp reduction of waste products and losses of raw material and materials in all stages of their processing, storage and transportation, and in the more complete utilization of secondary resources and by-products in production. The decree devotes particular attention to the necessity for putting these reserves in use. Losses of material valuables in the national economy are high enough now. In machine building and metal working, a large quantity of metal scrap, half of which consists of cuttings, is created every year. If the losses and scrap of the metal in metal working were reduced by just one-half, this would be equivalent to increasing the production of finished rolled metals by 10 percent. In the process of forest exploitation, sawmill operation, woodworking and transportation, tens of millions of cubic meters of timber are lost and become waste products. Meanwhile, wood pulp, splint-slab and wood-fiber boards, cellulose, paper, cardboard, and a number of wood chemistry products can be produced from them. The losses of construction materials--brick, glass, cement--are significant. The losses of mineral fertilizers, which we produce more of than any other country in the world, are high. During the harvesting, storage, transport and initial processing, a large quantity of agricultural products, and so forth, is lost. All these losses are linked with the lag in development of certain works /proizvodstva/ and the infrastructure, but sometimes they are caused simply by poor management. Proposals should be worked out to establish an economic mechanism to prevent losses in work time and material valuables in the national economy.

Utilization of secondary resources of raw material and energy must be improved. At present, tens of millions of tons of steel and a significant amount of nonferrous metals, paper and cardboard are produced from these resources. The recovery of energy and heat represents several tens of millions of tons in recalculation for standard fuel. However, many forms of secondary resources are still

being inadequately used. For example, only 40 percent of the mobile resources of secondary heat and energy and about one-quarter of the waste paper are reused. Plastics, industrial rubber items and other products are being recovered in small quantities. It was demonstrated long ago that good construction materials can be obtained from the waste products of thermal electric power stations, but they are being turned out in very limited quantities.

Opportunities to improve the organization of the accumulation of secondary raw materials and the establishment of their reprocessing at specialized enterprises exist in practically all sectors of industry. It has been calculated that such investments in production are significantly more efficient than in extractive sectors, since not only the economic effect, but the ecological effect, must be taken into account here. It is necessary to increase attention to this matter, and to disseminate more widely the work experience of party organizations and collectives of the Magnitogorsk Metallurgical Combine, the Volkhov Aluminum Plant, and the Novopolotsk "Polimir" Association for using secondary energy resources, which has been approved by the CPSU Central Committee.

Implementation of measures to save material resources requires the appropriate capital. The provision of priority allocation of capital investments, equipment, and the capacities of construction organizations to carry out these measures is stipulated by the decree when plans are drafted and put into effect. Expanding the production of, let us say, more economical equipment; the creation of energy-saving machinery; the construction of gas-collecting systems, compressor stations, natural gasoline and other installations, capacities, and so forth with the aim of preventing large losses of casing-head gas; improvement in the heat retention of buildings and structures; and development of the infrastructure presuppose additional capital expenditures, of course, but these expenditures are highly efficient. Thus, calculations demonstrate that specific capital investments directed at saving fuel and power resources are three to four times less than specific investments necessary for an increase in fuel extraction. Or let us take the infrastructure. As a consequence of the insufficient number of good roads, warehouses, elevators and refrigerators, grain is lost, potatoes, vegetables and fruit are spoiled, and the live weight of cattle purchased by the state is reduced. As a result, society bears the direct losses. Meanwhile, expenditures in developing the infrastructure, if elimination of the losses of agricultural and other output is taken into account, pay for themselves in periods which do not exceed 2 to 3 years. This also makes it possible to improve the supply of food products to the public, which is extremely important.

* * *

Improvement in the efficiency of production and the more rational use and savings of all material resources depend directly on further improvement in the mechanism of economic operation. With the aim of implementing the measures outlined by the decree of the CPSU Central Committee and USSR Council of Ministers, the decree provides for specific organizational and economic measures directed at improving the level of all work connected with planning and norm setting for the consumption of resources, and material incentive for their economical use. Measures have been outlined to improve standards and specifications and normative management aimed at raising product quality and the economical and efficient use of raw material, materials and fuel and power resources.

In conformity with the decree, we are faced with increasing the mobilizing importance of norms and fixed standards, ensuring expeditious specification of norms in force and the establishment of new progressive rates of consumption for material resources, proceeding from planned targets, and taking into account the achievements of science and technology as well as the experience of advanced collectives. In five-year and annual plans, fixed standards will be set for ministries and departments for expenditure of the most important types of materials, fuel and energy in physical terms per unit of output, which accordingly must be brought to enterprises and organizations. At the same time, the range of material resources for which centralized targets are being established in accordance with the average reduction of rates of consumption will be expanded.

The production cost of output is a highly important indicator and criterion for evaluating the status of production. Practically all the components of efficiency are reflected in it--improvement in the organization of production and labor, better utilization of funds, increase in labor productivity, and savings in raw material, materials, fuel and power. One cannot help note that attention to this indicator has been relaxed in recent years, which adversely affects its improvement in a number of cases. At present, in accordance with the decree, targets in accordance with the production cost of output (operations) will be approved for industrial, construction and transport ministries, associations, enterprises and organizations in five-year and annual plans, and forming a part of these targets will be a limit (maximum level) of material expenditures in monetary terms per ruble of output (operations) which, unquestionably, will contribute to improvement in the overall level of economic operation in sectors, associations and enterprises.

The planned administration of public production under socialism organically includes use of a system of economic incentives and levers which are adequate for it. The Leninist thesis that communism can be approached "not directly by enthusiasm, but with the aid of enthusiasm born with a great revolution, by personal interest, by personal concern, by economic calculation..."[6] is widely known. Economic incentives, to the correct application of which the party and government have devoted and are devoting much attention, have been called upon to unite together personal, collective and public interests, to motivate production collectives and every worker to undertake stepped-up plans, to economize resources, to reduce the production cost of output, to improve its quality--in a word, to carry out production most efficiently. A further step forward is being taken by the approved decree in developing economic incentive and in increasing the concern of workers, supervisory and engineering and technical personnel and employees of associations, enterprises and organizations for the efficient use of material resources. The economic incentive funds of ministries and departments, associations, enterprises and organizations now depend not only on an increase in labor productivity and product quality, but on the level of material expenditures per ruble of output (operations) as well. Beginning in 1983, direct deductions will be made from the sum of savings obtained by reducing material expenditures compared with the established limit. In cases where the limit is exceeded by enterprises, deductions in the funds will be decreased. Beginning in 1982, the payment of bonuses for workers, foremen, technologists, designers and other engineering and technical personnel will be expanded for savings of specific types of material

resources against established technically sound (average-progressive) rates of consumption. Payment of bonuses is provided for on a scale of up to 75 percent of the total savings of material resources, depending on their type, value and scarcity. These bonuses will be paid to workers above the maximum rates of bonuses established for sectors. Beginning in 1983, payment of bonuses also will be introduced for leading workers and employees of production associations, enterprises and organizations, depending on the level of material expenditures per ruble of output (operations) compared with the established limit, taking into account the fulfillment of targets for the production cost of output (operations) for each association, enterprise and organization.

Beginning in 1982, all or half (depending on a number of conditions) of the profit actually received from the sale of consumer goods and articles for an industrial engineering purpose /izdeliya proizvodstvenno-tekhnicheskogo naznacheniya/ manufactured from the waste products of production will remain at the disposal of associations, enterprises and organizations and be included in the consumer goods fund /fond shirpotreba/.

Together with a broad system of economic incentive measures for saving material resources, the decree provides for the expansion of economic penalties for the violation of standards and specifications. These penalties will apply to planning and design and scientific research organizations and developer enterprises /predpriyatiya-razrabotchiki/ in the development and production of output; to agricultural, procurement, supply and marketing, wholesale and retail trade organizations and enterprises in the sale of output and its storage; to transport organizations in the transport of output; and to enterprises and institutions in the services field in rendering services. At the same time, we are faced with the task of improving control over distribution and use of material resources. For this a system of accounting, reporting and economic analysis of the consumption of resources will be improved and a strict accounting of all types of waste and losses will be introduced. People's control organs have been ordered to exercise tighter control over observance of the policy of economy and thrift in all parts of the national economy and over rational use of electric and thermal power, raw material and materials, fuel, agricultural output, machines, equipment, means of transportation and labor resources. It is necessary to decisively suppress, the decree emphasizes, any manifestations of mismanagement and extravagance, and to make the persons responsible strictly answerable for inflicting harm upon the state.

* * *

Implementation of a policy of savings is inconceivable without strict observance of state planning, production and labor discipline and continuous improvement in planning and administration. Such shortcomings as, say, shock work and stoppages in the material and technical supply of enterprises and associations are fraught with high losses. For example, violation of the periods of time for deliveries of equipment and materials compels enterprises to use more expensive materials and articles which make up complete units, and irregular operation adversely affects the quality of output. All the practice of socialist economic management demonstrates that the vast reserves available in savings can be put into effect only under conditions of improving administration, raising the level of good organization, and maintaining a strict procedure in production. Regularity and

irreproachable discipline in deliveries, strict observance of contract obligations, and well regulated control and accounting—all this is a guarantee of the economical conduct of production and an increase in its efficiency. But the organizing and mobilizing role of the plan must be increased for this. In fact, the plan must be the law of life for every production collective. At every enterprise, every section, every work place it is necessary to organize stepped-up, purposeful work to reduce material and labor expenditures for the production of output and to cultivate a proprietary attitude among workers toward the people's property.

However, with all the importance for the rational use of material resources of developing appropriate organizational and economic measures, one cannot help note that fundamental order is necessary first of all in this matter. Cases of poor storage and squandering of fuel, raw material, fertilizers and metal which still exist cannot be tolerated. Unquestionably, the losses of agricultural output which occur because of mismanagement are intolerable, especially since a number of consumer products, as is well known, are not being supplied to the full extent. Defective output, which is a squandering of socialist property, must be completely stopped. Decisive, uncompromising struggle must be waged against such manifestations, and all cases of slackness and mismanagement leading to losses and unproductive expenditures must be given an evaluation based on principle and strictly penalized. And here the line must be pursued persistently to increase the personal responsibility of managers, the necessity of which was noted at the party's 26th congress. Problems of discipline should be in their sight continuously.

The discipline and industriousness of workers must be combined with their creative initiative and enterprise, which is strikingly expressed in socialist competition. Competition for savings and thrift has now taken on a mass character. The overwhelming majority of our country's working people have become involved in it. In the CPSU Central Committee and USSR Council of Ministers decree on intensifying work for savings and rational use of material resources, it is pointed out that the effectiveness of socialist competition should be improved, and counterplans and pledges should be directed still more at intensifying the policy of economy and mobilization of existing reserves. One of the most important criteria in working out and evaluating the fulfillment of counterplans and summing up the results of competition must be the indicators which characterize the reduction of material expenditures and the savings of other resources, as well as the volume of additional output produced through savings.

Implementation of a policy of savings is not only a production task. Large reserves for saving energy and other valuabe resources also exist in everyday life. In the decree approved, the CPSU Central Committee and the USSR Council of Ministers devote attention to the necessity of significantly increasing the level of work among the public to ensure economical consumption of heat, electric power, gas and water, and to reinforce the responsibility of enterprises and institutions of housing and public utilities and the public for their inefficient use.

Thrift is a communist trait. "Communism," wrote V. I. Lenin, "begins where the selfless concern of /ordinary workers/ /in italics/ for increasing labor productivity, for safeguarding /every pood of grain, coal, iron/ /in italics/ and other products makes its appearance..." This trait is formed by our entire way of life

and the sociopolitical atmosphere of our society, but it must be fostered. This is why the decree provides for organization in the system of economic education, in institutes, in faculties and courses for improving skills, and in universities of Marxism-Leninism for studying problems of economy and thrift in light of the tasks advanced by the 26th CPSU Congress, as well as intensification of work to cultivate a spirit of thrift and a communist attitude toward labor and public property among students and pupils. Attention is devoted to the necessity of improving the study of economic disciplines, increasing the role of the educational process in this, of widely conducting lectures and discussions, and utilizing other forms of explanatory work on the problems of economy. Putting these tasks into effect is an important and honorable obligation of scientist-economists and teachers of economic disciplines.

* * *

The decree approved by the party and government defines the principal directions for intensifying work on savings and the rational use of material resources for a protracted period. Proceeding from them, specific proposals should be developed that are aimed at reinforcing the policy of savings in the entire national economy, in its different sectors, in associations, in enterprises. Economic science has been called upon to play an important role in this. "The tasks brought forth by life," L. I. Brezhnev stressed in the CPSU Central Committee Report to the 26th party congress, "require the development of theory, economic science, that it be brought nearer to the needs of economic practice." In light of the congress' decisions, the development of economic research must be subordinated to a still greater extent to solution of the tasks of ensuring the stable, progressive development of the national economy, the acceleration of scientific and technical progress, an increase in production efficiency and its intensification, and an increase in the welfare of the Soviet people on this basis.

All this predetermines the necessity of further research, mainly in the field of the political economy of socialism, which reveals the objective economic principles in development of a socialist society and which serves as the basis of the system of economic sciences. Many problems have been accumulated in it which await solution, as L. I. Brezhnev noted at the 26th CPSU Congress.

The concept of a developed socialist society, worked out by the CPSU jointly with other fraternal parties, is the most important contribution to Marxist-Leninist theory and the political economy of socialism. Guided by this concept, the party has specified and defined concretely the paths and periods of time for realization of program targets, and has outlined strategy and tactics for a protracted historical period. At the same time, we are confronted with the task of understanding and disseminating new phenomena in life and further developing theory. Scientific collectives and scientist-economists must continue study of the economic problems of mature socialism, make known its advantages and opportunities which have arisen, and determine ways for their realization in the practice of communist construction. The problems of increasing the collectivization of socialist production and improving socialist production relationships and their development into communist ones are subject to further elaboration. Research on the system of economic laws of socialism and the mechanism of their use is an indispensable condition for the correct application of each one of them and their system with the aim of ensuring the progressive movement of the socialist economy.

Working out the problems of socialist expanded reproduction and optimizing its proportions, developing the material and technical base of mature socialism and its pattern, taking into account the latest achievements of scientific and technical progress, and determining ways of developing it into the material and technical base of communism are inseparably linked with research into all these problems. At the same time, it should be emphasized that analysis of production relationships, economic laws, categories of political economy, and other problems must be coordinated with the requirements of practice in the closest way.

It is highly important to continue research in the field of further improving administration of the socialist economy as a unified national economic complex. The problem of providing for the opportunity "to widely propagate and subordinate in a real way public production and the distribution of output in accordance with scientific considerations related to making the lives of all working people the easiest, providing them with the opportunity for well-being"[8] is resolved precisely in administration of the economy.

The CPSU Central Committee and USSR Council of Ministers decrees on improving the economic mechanism were an important step forward in improving administration of the national economy. These decrees aim at planning and administration to achieve high national economic end results, acceleration of scientific and technical progress, more efficient use of producer goods and material and labor resources, and reinforcement of the policy of economy.

They stipulate the necessity of correct definition of priorities in the development of sectors and economic regions for ensuring progressive changes in national economic proportions and for improving efficiency of capital investment and all public production. All this dictates the necessity of raising to a qualitatively new level the maintenance of planning on the basis of reinforcement of the role of long-range plans, broad application of the programming-special purpose method, and introduction of a system of scientifically valid technical and economic norms and fixed standards. In this connection, it is important to improve the methodology of planning. Plans must be guided by the achievements of science and economic and engineering calculations. Much work already has been carried out in preparing methodical directives, regulations and instructions, in which the principled purposes of the party and government to improve planning and the economic mechanism have been made specific in conformity with various levels of administration. Implementation of these documents is producing positive results. But life does not stand still. The progressive development of socialist production and efficient economic operation require further improvement in administration of the economy. Speaking about the decrees on improving the economic mechanism and system planning approved in 1979, L. I. Brezhnev stressed at the party's 26th congress: "They must be put into effect consistently. And at the same time, we must go further, resolving the problems which have accumulated."

Proposals on improving the organizational patterns of administration, on overcoming departmental dissociation, on creating a system of managing groups of similar and interrelated sectors, on improving administration at the level of enterprises and associations, which are directly linked with work on saving material resources, must be worked out. The CPSU Central Committee and USSR Council of Ministers decree on savings and rational use of material resources devotes particular

attention to the necessity of improving coordination of the work of ministries, departments, associations, enterprises, and scientific and other organizations in the economical use of raw material, materials, fuel and energy.

Better use of such economic levers and incentives as cost accounting, profit, prices, bonuses, and financial and credit instruments are important trends of economic developments to further improve the economic mechanism from the standpoint of strict implementation of the policy of savings. Development must continue on a system of material and moral incentive, penalties for violations of plan and contract discipline, and problems connected with improving wages and norm setting and the development of socialist competition. This in turn presupposes extension of research on a system of interests of socialist society, the mechanism of utilizing the law of distribution according to labor, trade and money relationships with the new content characteristic of it under socialism, problems connected with the creation and use of economic incentive funds, and also no less important, the study and dissemination of advanced experience in economic activity with the aim of its broader introduction in practice. Corresponding effective criteria for evaluations of labor and its efficiency must be worked out in order to induce production collectives and individual workers to achieve a reduction in specific expenditures of raw material and materials always and in all cases.

Acceleration of scientific and technical progress is of paramount importance in putting into effect a policy of economy and increasing the efficiency of production. For this it is necessary to bring scientific research and planning and design work closer--economically and organizationally--to production. In resolving this task, scientist-economists can render much assistance in practice. They have been called upon to give sound recommendations for improving planning and material incentive for the introduction of scientific and technical innovations in order to eliminate everything which makes the process of introduction difficult and slow. Production must be vitally concerned with incorporating the fruits of thought and labor of scientists and designers more rapidly and better. Economists are to continue elaboration of the theory of the socioeconomic efficiency of scientific and technical progress, to make known the relative efficiency of its different trends, to work out recommendations to further reinforce its applicability /natselennost'/ to the saving of material resources and expansion of the creation and introduction of resource-saving technology and equipment, and to substantiate methods of improving control of the quality of new equipment and increasing the efficiency of scientific research and technical elaborations. It is necessary to bring to light and scientifically substantiate reserves for intensification of the reproduction of fixed capital and its use, taking into account requirements for the retooling of production.

The development and implementation of complex special-purpose programs plays an important role in the acceleration of scientific and technical progress. The June decree of the CPSU Central Committee and the USSR Council of Ministers provides for measures to improve work on preparing and implementing complex programs for solution of the most important scientific and technical problems and for improvement of organization to introduce scientific achievements in production. Closer coordination of plans is necessary to improve the technical level of sectors with final results for saving raw material, materials, fuel and energy. And here economic science also must have its say.

Tasks of no small importance also confront scientist-economists in working out proposals in the struggle against losses of work time and material valuables. As a rule, measures to reduce losses require additional capital investments and current expenditures. Opportunities to apportion resources by measures to reduce losses are limited. For this reason, strict economic evaluation and comparison of corresponding measures according to the level of efficiency of expenditures to conserve resources are necessary in order to establish the priority of these measures and ensure the maximum gain from the capital allocated. Elimination of losses requires improvement in planning and its normative base, the mechanism of production incentive, and the establishment of cost accounting responsibility for the expenditure of resources.

* * *

A vast production potential providing the opportunity to comprehensively develop the economy and ensure on this basis a further increase in the people's welfare has been created by the labor of the Soviet people. To make the most efficient use of this potential, to achieve great results in labor with less expenditures in order to most efficiently carry out the decisions of the 26th CPSU Congress and the targets of the 11th Five-Year Plan--this is the task of the party. In resolving it, the scientists and economists will make their own contribution.

FOOTNOTES

1. K. Marx and F. Engels, "Sochineniya" [Works], Vol 20, p 321.
2. See K. Marx and F. Engels, op. cit., Vol 46, Part 1, p 117.
3. Ibid.
4. See, for example, V. I. Lenin, "Polnoye sobraniye sochineniy" [Complete Works], Vol 36, p 174; Vol 43, pp 173, 261, 283.
5. V. I. Lenin, op. cit., Vol 36, p 300.
6. V. I. Lenin, op. cit., Vol 44, p 151.
7. V. I. Lenin, op. cit., Vol 39, p 22.
8. V. I. Lenin, op. cit., Vol 36, p 381.

8936
CSO: 1820/34

END